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Automotive News

June 15, 1987

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Ford plays it tough at glass unit

Concessions sought to save U.S. work

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — A preliminary document detailing Ford Glass Division's bargaining plans said the company will push for wage cuts and revamped work rules, and if it is unsuccessful may "be forced over time to abandon the business entirely."

The document said the UAW will be given a chance to man a new glass fabrication plant the company plans to build next year, but that if the union does not grant wage concessions and work-rule changes, the plant will be built in Mexico.

The document belies the widespread notion that Ford Motor Co., unlike General Motors, has virtually completed its cutbacks, having laid off more than 100,000 workers and closed or sold a score of plants since 1979.

The plans in the internal document, obtained from a union source, likely reflect those of other Ford Diversified Products Operations, which include 10 component businesses. The document said the plans are "likely common goals for all components" but were "intensified for the Glass Division because of our particular non-competitive situation."

A Diversified Products spokesman declined to comment on de-

see FORD, page 93

AUTOMOTIVE NEWS/JOE WILSEREN

Elmer Johnson

GM's mystery man moves into limelight

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Elmer Johnson, a tenacious lawyer with a penchant for Plato, brings a fresh face — and fresh ideas — to the General Motors boardroom.

Four weeks ago, he was one of the two biggest newsmakers — only time will tell which — to emerge from GM's annual stockholders meeting and the board meeting that followed. The other was Robert Stempel, who was elected GM's new president.

But while Stempel received the lion's share of the attention, it was Johnson's election as executive vice president — operating staffs and a member of the board that formally brought a new face into GM's highest echelons.

In fact, Johnson had been in and around such ranks for years, but in tapping him for the big promotion, GM Chairman Roger B. Smith admitted that Johnson — along with Stempel, Executive Vice President F. Alan Smith and Executive Vice

see JOHNSON, page 91

New-car glut: 2.5 million clog dealers' lots

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

In spite of continuing Herculean retail sales efforts, the industry's June 1 stockpile of unsold new cars remained at glut levels.

For the second month in a row, the domestic industry's inventory consists of nearly 2 million cars at dealerships and in transit as buildouts loom and new-model introductions approach.

Imports fared no better: Stockpiles of both cars and trucks hit record high levels for June 1.

Stockpiles become especially worrisome at this time of the year because, ideally, dealers should be emptying their lots in anticipation of new models and the traditional hoopla that goes with them.

It was General Motors' huge inventory last summer that triggered that company's across-the-board 2.9 percent financing that quickly spread through an industry plagued by high stockpiles.

June opened with a stock of 1,910,805 United States-built cars, a 77-day supply. On May 1, the total was 1,912,132, or 72 days.

On June 1 last year, stocks totaled 1,866,853 units, equal to a 62-day supply. June 1985, opened with a total of 1,546,188 units, or a 50-day supply.

There was a record high number of imported cars in inventory June 1 at ports of entry, in transit and at dealerships. The combined stockpile totaled 606,583 units compared with 387,911 on June 1 last year and 297,000 on June 1, 1985.

The combined total of unsold new U.S.-built and foreign-built cars June 1 was 2,517,388. A year before, the total was 2,254,764.

The inventory, when placed in a days-supply frame, looked a bit less grim for the imports.

As of June 1 this year, the imported-car stockpile was the equivalent of a 58-day supply compared with 37 days last year and 29 days as of June 1, 1985.

Stocks of imported trucks June 1 this year also were at a record high — 230,562 units, a 67-day supply. A year earlier the truck figure was 177,788 units, or a 51-day store. On June 1, 1985, it was 92,815, a 31-day supply.

A 55-day or 60-day supply of cars or trucks is considered optimal.

Reports have been prevalent that domestic dealers — particularly GM's — have not been ordering buildout cars in their usual numbers.

Jim McDonough, sales manager at Jones Chevrolet in Whittier, Calif., perhaps was typical of GM retailers. He said, "My inventory is in good shape. I'm right where I want to be."

He was echoed by Bob Nolan,

see GLUT, page 90

TALKS: *Conflicts loom large as UAW faces GM, Ford*

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

As they step up to the bargaining table next month, negotiators for the UAW, General Motors and Ford Motor Co. face an unusually complicated task: Reconciling the union's major priority of job guarantees with the companies' top goal of increased competitiveness.

"I think GM used to like to have enough business to argue with us about money," said UAW Vice President Donald Ephlin, who heads the union's GM department. "Those were much better days."

Further complicating bargaining are differences in finances and employee morale at Ford and GM. The gap might mean that traditional pattern bargaining will not work this time around.

But no matter who is the strike target, this year's talks will be conducted in an atmosphere ringing with accusations. The philosophical differences between the corporations and the union have been keenly articulated in recent months.

In one example, UAW President Owen Bieber called GM's decision to shift some production of the Chevrolet Celebrity, Buick Century and Oldsmobile Cutlass Ciera to Mexico "a slap in the face of the American workers and consumers who have made GM successful through the years."

In another, UAW Vice President Stephen P. Yokich, who heads the union's Ford department, called a Lincoln-Mercury Division letter to Ford employees urging them to use their profit-sharing checks to buy new Lincoln-Mercury cars "insensitive" and "huckstering." The letters also were sent to employees of the Rouge Steel Division, who do not receive profit sharing because they are covered by a different labor agreement.

see BARGAINING, page 62

U.S. car share seen sinking as capacity grows

By A.S. Plotkin
SPECIAL CORRESPONDENT

CAMBRIDGE, Mass. — Excess North American production capacity of more than 4 million cars a year and a sharp decline in market share for U.S.-based makers by 1990 are the gloomy forecasts of a prestigious group studying the industry.

The leaders of a four-year study by the Massachusetts Institute of Technology expect the share of the new-car market held by U.S.-based automakers to decline to 52 percent by 1990. In 1986, it was 67 percent.

At the same time, sales of cars from transplant manufacturers in the United States are expected to take 18 percent of the market in 1990, and sales of cars by non-Japanese or European producers are predicted at 5 percent. The re-

see CAPACITY, page 90

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Scam shakes bank's confidence in VW — Page 2
Light-truck sales fall 6% in May — Page 14
Chapin looks back on AMC remembered — Pages 86-88

New tax bite no disaster for dealers

CRAIN NEWS SERVICE

New-car dealers are likely to avoid a little-noted provision in last year's tax law that requires companies to allocate a portion of their pension — and other benefit — costs to inventory costs.

"The big thing is that dealers meet the important exceptions," said Jeffrey Eckles, of Plante & Moran, certified public accountants. "They must have a terrific lobbyist."

Eckles specializes in dealership tax returns. He said the provision, known as the uniform capitalization rules, will have "a very insignificant impact" on dealers, perhaps raising taxes a maximum of "a few thousand dollars at most."

He said dealers can elect to use a simplified resale method of accounting that will allow them to take advantage of exceptions not available to all segments.

"Warehousers and wholesalers are going to get clobbered this year," Eckles said.

The 1986 Tax Reform Act requires companies to include normal pension costs in inventory as an indirect cost. Companies must revalue their inventories for tax years beginning Jan. 1. However, companies can spread the effect of that change over four years.

Pension costs now must be capitalized during the period it takes to sell the manufactured items.

Therefore, inventories will be boosted by the amount of the includable pension costs. Because gross income equals net sales plus changes in inventory, companies with expanding inventories will face rising tax bills.

The change in treatment of pension costs may result in short-term increases in taxes and deferral of pension deductions for numerous companies, particularly manufacturers and retailers.

Because of that revaluation requirement, the Treasury Department will reap a "one-shot" gain where those changes boost the value of inventories, said Ethan Kra, principal and actuary at William M. Mercer-Meidinger-Hansen Inc., New York.

The uniform capitalization rules are expected to raise $4.1 billion in new revenue this year; $7 billion in 1988; $7.4 billion in 1989; $7.7 billion in 1990; and $6 billion in 1991. A breakdown of how much revenue the pension provisions will raise was not available.

AUTOMOTIVE TV ADVERTISING
FIRST QUARTER

	1987	1986	% Gain
Non-network	$367,459,900	$278,418,900	31.98
Network	273,641,900	231,608,900	18.15
Total TV	641,101,800	510,027,800	25.70

SOURCE: Television Bureau of Advertising from Broadcast Advertisers Reports data.

LEADING TV ADVERTISERS
FIRST QUARTER

	1987	1986	% Change
NETWORK			
General Motors	80,108,100	63,048,000	+ 27.06
Chrysler Motors	41,510,500	21,201,500	+ 95.79
Ford Motor Co.	36,999,300	52,442,400	– 29.45
NATIONAL & REGIONAL SPOT*			
General Motors	60,792,300	47,884,600	+ 26.96
Ford Motor Co.	31,318,400	19,696,600	+ 58.99
Nissan	29,924,600	19,476,900	+ 53.64
Toyota	25,050,400	21,862,700	+ 14.58
Chrysler Motors	20,091,400	15,558,400	+ 29.14
Hyundai	11,634,800	4,754,900	+144.69

*Includes company, dealer associations, all products and services.
SOURCE: Television Bureau of Advertising from Analysis of Broadcast Advertisers Reports data.

Auto TV spending up

First-quarter total climbs to $641 million

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Spending for automobile television advertising rose 25.71 percent to $641.1 million for the first quarter of 1987 from $510.0 million for the same time period a year ago.

The figures were supplied by the Television Bureau of Advertising.

Total spending includes carmakers and their dealer associations. The bureau analyzes data supplied by Broadcast Advertisers Reports.

Automakers outpaced other industries in spending, including food and food products, which spent $637.8 million for the most recent quarter.

"This is the first time I can remember that the auto industry has spent more than the food industry," said Dick O'Donnell, marketing director for the Television Bureau of Advertising.

But another reason could be that the food industry, whose TV ad spending increased only one percent over the first quarter of 1986, is shifting its ad dollars to coupons and promotions.

Fred Danzig, editor of Advertising Age, said, "It's no secret the food industry has been switching from media to promotions for the past year."

General Motors boosted TV spending to an estimated $60.8 million in national and regional spot ads for the first quarter. The total was the highest of any advertiser. GM's spending was up 26.96 percent over the $47.9 million reported for the 1986 quarter.

National and regional spot ads include company and dealer associations and all products and services.

In spot ads, Ford increased spending 58.99 percent to $31.3 million from $19.6 million a year ago; Nissan was up 53.64 percent to $29.9 million from $19.4 million; Toyota was up 14.58 percent to $25.0 million from $21.8 million; and Chrysler was up 29.14 percent to $20.1 million from $15.6 million.

Spending by Hyundai leaped 144.69 percent to $11.6 million from $4.8 million. Hyundai began exporting cars to this country in the first quarter of 1986.

GM led other automakers in network ads (company only) for the first quarter, hiking buys 27.06 percent to $80.1 million from $63.0 million a year ago.

Chrysler boosted its network buys 95.79 percent to $41.5 million from $21.2 million.

A Chrysler spokesman said heavy spending in the first quarter was due to the launch of the LeBaron coupe and convertible, the V-6 Grand Voyager and Grand Caravan stretch minivans and the Dakota mid-size pickup.

Ford's network advertising dipped 29.45 percent to $36.9 million from $52.4 million a year ago.

The Taurus/Sable launch in the first quarter of 1986 could account for this year's decline.

However, there has been a trend within the industry to divert television advertising dollars to regional spot ads from network advertising.

Mitsubishi to expand U.S. product lineup

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Recchia: Mitsubishi plans to boost its dealer count from 160 in 39 markets this year to 328 in 150 markets by 1991.

DETROIT — This fall, Mitsubishi Motor Sales of America will begin a product push that will put a new model into dealer showrooms every six months for four years.

The expanded product lineup accompanies the company's move to penetrate the top metropolitan markets in the United States by boosting its dealer count from 160 in 39 markets this year to 328 in 150 markets by 1991.

The company plans to limit the number of dealers franchised in each market.

Mitsubishi's strategy calls for use of 50 "limited-product dealers" carrying only trucks in 1987 and 1988 as the company readies a dealer network that will handle an expected increase in volume from 135,500 cars and trucks this year to 287,206 in 1991.

Richard Recchia, executive vice president of Mitsubishi Motor Sales of America, described the company's three-tier product strategy. It will rely on serving the low end with the Hyundai-built Precis, filling the mid-range with vehicles assembled in the United States by its Diamond-Star joint venture with Chrysler and importing more upscale products from Japan.

Mitsubishi is the only Japanese vehicle importer to post a sales gain in the first five months of 1987. It reported sales of 26,392 cars in the first five months of 1987 compared with 19,771 in 1986.

Recchia said a restyled Galant with a V-6 engine will be introduced this fall to compete with models like the Acura Legend.

He also described the replacement for the Tredia as a "much more upscale, Euro-type sedan." That model is scheduled for a spring 1988 introduction.

"The replacement for the Mirage will also be coming next year," Recchia said. "And all of our engines are going into multi-valves, even in smaller cars."

Mitsubishi has no plans to add a convertible to its passenger-car lineup, according to Recchia. The introduction of a convertible sport utility-vehicle is a possibility, he said.

The truck lineup will receive an extended-cab pickup this fall and under consideration is a V-6 four-door sport-utility that may be imported in the 1989 model year.

Recchia said no date has been established for the U.S. introduction of a vehicle with four-wheel-steering. However, Mitsubishi will offer the Galant equipped with 4ws in Japan next spring, he said.

The company's product push took a major step in March with the introduction of the Precis, a Mitsubishi-badged version of the Hyundai Excel. Recchia said plans through 1991 call for a volume of 30,000 Precis units annually.

The next thrust will come when Diamond-Star begins production of a two-door sports specialty coupe in late 1988. Diamond-Star is a joint venture of Mitsubishi Motors Corp. and Chrysler Motors in Bloomington-Normal, Ill.

Will 'Eagle' fly as AMC name?

There are lots of loose ends in Chrysler's planned takeover of American Motors — not the least of which is what the AMC unit will be called.

Several names are under consideration, sources say, and no firm decision has been made. But one popular choice for the new subsidiary is the name Eagle.

AMC has a four-wheel-drive automobile by that name. And what could fit better with Chrysler's American theme than an American Eagle?

But nothing is certain.

After all, some thought Lido (the first name of Chrysler Chairman Lee A. Iacocca) was a shoo-in name for Chrysler's new Maserati sports car last year. But the idea was shot down almost as soon as it surfaced publicly and the car's name is now the Chrysler TC by Maserati.

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3 auto analysts to address World Congress

Three prominent analysts will share their insights on auto manufacturers, marketers and consumers at the 12th annual Automotive News World Congress, to be held July 26-29 at the Hyatt Regency Hotel in Dearborn, Mich.

They are: J.D. Power III, president, J.D. Power and Associates; Maryann Keller, vice president, Furman, Selz, Mager, Dietz & Birney Inc.; and Jay Houghton, manager of marketing, Audi of America Inc.

This year's overall Congress theme is "Facing Up to Competitive Times."

Power and Houghton will speak Monday, July 26, when the day's theme will be "Recoveries and Strategies for the Domestic Industry."

Keller will speak Wednesday, July 28, when the daily theme will be "Coping With Change."

Power has spent 25 years in the automotive industry, the last 19 as president of what has become one of the most prestigious automotive marketing research firms in the world.

His company, headquartered in the Los Angeles suburb of Westlake Village, has numbered among its clients virtually every auto manufacturer and importer serving the U.S. market.

Power's previous auto industry experience included stints at Ford Motor Co. and with Marplan as a marketing consultant for Buick and GMC Truck & Coach.

Before joining Audi, Houghton was vice president — account supervisor at DDB Needham Worldwide Inc., Troy, Mich. The subject of his World Congress address is "The Discipline of Semiotics."

He calls semiotics "a general philosophical theory of signs and symbols that deals with their function in both artificially constructed and natural languages."

At Audi, Houghton and his group have analyzed design elements of automobiles — such as grilles, taillights, instrument panels and wheels — for their influence on consumers.

Before joining her present firm, an investment house, Keller was director and portfolio manager at Vilas-Fischer Associates, and prior to that was first vice president at Kidder, Peabody & Co. Inc.

Keller, whose World Congress topic will be "A Critique and Update of the Industry," often appears on television as a commentator on automotive industry conditions.

She has testified before the Senate and House Banking committees and has served on advisory panels of the Office of Technology Assessment of the U.S. Congress in areas of automotive technology and international competition within the industry.

This year's World Congress will have more than 30 speakers, who will share their knowledge and viewpoints on where the car and truck industry stands today and where it is headed.

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit, MI 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.

TRUCK INDUSTRY

Ford expects to benefit from change in buying patterns

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The heavy-truck market's shift toward smaller vehicle classes favors Ford.

That was the message delivered by John Merrifield, heavy-truck sales manager, to the Ford Truck Operations field sales force at its annual meeting in Atlanta.

Ford has traditionally been strongest in the Class 6-7 segments, which have been growing, partly at at the expense of Class 8, Merrifield said.

But the Class 8 market, like the medium segment, has been strong thus far this year, according to sales data compiled by the Motor Vehicle Manufacturers Association.

Some industry analysts wonder how long it will continue. But for now, truck manufacturers are making the most of it.

Ford sources said the Kentucky plant where it builds medium and heavy trucks has been on weekday overtime and Saturday overtime is scheduled this month.

The medium segment though, while strong, is still very competitive.

Hino, which is breaking into the U.S. market, currently has a big salespeople/sales manager incentive, for example.

Such incentives and cutthroat pricing actions have their effect all through the medium-duty market, including models like Ford's F series and Chevrolet's C series.

Meanwhile, Merrifield pointed to strengthening acceptance of Ford's mid-range diesel engine, the growing popularity of its Cargo model and the shift in Class 8 to conventionals such as Ford's LTL-9000 and "baby eights" like the LN-9000 as favoring company sales.

Ford recently introduced a higher-powered, higher-GVW-rated CF-8000, and it is expected to introduce a new "aero-max" version of its L-9000 this fall.

Ford will join Navistar, Volvo-White, Kenworth and Peterbilt, which now offer such aerodynamic versions of their heavy trucks.

Merrifield told the Truck Operations field force that Ford's development of its own diesel engine and Premium Supplier Team concepts are enabling it to hold down costs while improving quality.

He also noted that the company's Work-Ready pre-spec'd truck program is continuing to gain acceptance, now representing about 18 percent of the production mix at the Kentucky truck plant.

Merrifield said the market's shift toward smaller Class 8 and medium-duty vehicles was due primarily to the U.S. shift away from an industrial-based economy.

"More and more goods are coming into the country already fabricated and are distributed through a hub-and-spoke distribution system," he said.

"With the emphasis now on distributing finished products, rather than raw materials, bulk-out is a more important factor than gross-out. Now, trucks can have lower GVWs and lower horsepower," he added.

Other changes forcing the market shift to lower truck classes, according to Merrifield, are deregulation, increasing insurance costs and greater rate competition.

Ford is pushing increased dealer participation in customer satisfaction programs to buoy future sales.

Merrifield cited dealer certification programs for sale and service of the Cargo and the Ford diesel engine as two major examples of programs aimed at meeting customer needs for sales, parts and service.

Those programs require dealers to meet specific company standards for stocking levels in order to handle its Brazilian-built imported trucks and engines.

6% decline in May cuts '87 edge for light trucks

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Light-truck sales tumbled in May, reflecting a general softening in market demand.

May sales were off 5.9 percent from a year ago, though they still showed a narrow 1.3 percent gain over last year for the first five months.

In May, light-truck dealers retailed 409,391 units compared to 435,386 in 1986.

For five months, they retailed 1,888,344 units, up from 1,863,257 a year ago.

Dodge, Jeep, Isuzu, Mitsubishi and Suzuki managed to buck the May trend.

Dodge sales, aided by the availability of new truck lines like the Dakota and Raider and a firmer demand for the high-volume minivans, were up 15.2 percent in May.

Dodge retailed 63,288 trucks last month compared with 54,921 a year ago.

For the first five months, its sales of 276,587 light trucks were up from 236,102 a year earlier.

Jeep is being helped by its Comanche, whose sales were up 68.1 percent over last year and 29.3 percent for the first five months of the year.

Jeep posted a 7.3 percent gain in May on sales of 17,146 trucks and a 5.7 percent gain for five months on sales of 81,186.

Ford's sales are holding at a high level, though they showed some early signs of weakening last month.

Ford retailed 125,460 light trucks in May, slightly below 127,384 a year ago.

For five months, Ford's total of 574,903 was 8.1 percent higher than a year ago.

Chevrolet is continuing to struggle.

Its May sales of 99,413 units were off 19.8 percent from a year ago, and its five-month tally of 464,892 was off 10.1 percent.

The 1988 Chevrolet C/K and GMC Sierra pickups, introduced in April, are building momentum, though they're still not a major factor in General Motors' overall full-sized pickup sales.

LIGHT-DUTY TRUCK SALES

	May 1987	May 1986	5 Mos. 1987	5 Mos. 1986
Vans	16,203	16,357	75,396	72,916
Aerostar	15,085	15,177	63,563	56,224
Club Wagon	2,623	3,072	12,100	11,919
Ranger	28,663	29,627	135,782	120,421
Bronco	4,372	4,254	20,739	19,739
Bronco II	9,321	9,192	44,520	36,940
Pickups	49,193	49,705	222,803	213,834
Ford	**125,460**	**127,384**	**574,903**	**531,993**
Vans	10,173	14,492	42,967	55,226
Sportsvan	947	1,737	5,215	7,433
Astro	14,228	15,939	59,250	62,014
S-10	18,864	21,673	93,406	91,283
S-10 Blazer	11,072	16,532	58,448	66,112
El Camino	1,168	1,986	5,370	9,846
Blazer	2,171	3,938	11,836	17,178
Suburban	4,901	6,481	21,339	23,675
Pickups	35,889	41,172	167,061	184,387
Chevrolet	**99,413**	**123,950**	**464,892**	**517,156**
Vans	6,676	9,154	27,803	31,001
Ram Wagon	3,025	5,047	13,128	18,398
Voyager	13,422	10,625	48,236	49,066
Caravan	13,738	10,827	51,575	50,589
Mini Ram Van	1,034	1,311	5,501	6,569
Ram 50	4,999	7,055	28,896	31,769
Raider	1,700	0	7,127	0
Ramcharger	1,836	2,966	10,199	9,374
Dakota	9,498	0	42,135	0
Pickups	7,360	7,936	41,987	39,336
Chrysler	**63,288**	**54,921**	**276,587**	**236,102**
Vans	2,906	3,611	15,627	15,253
Safari	2,894	3,134	12,776	13,304
S-15	3,809	4,940	19,701	21,399
S-15 Jimmy	2,500	3,713	14,271	15,906
Jimmy	644	766	3,289	3,438
Caballero	121	250	687	1,215
Suburban	1,892	1,985	7,675	7,601
Pickups	9,405	10,160	45,284	46,385
P Mood	281	411	2,387	1,802
W-4	123	110	572	486
GMC	**24,577**	**29,698**	**122,169**	**126,789**
Wrangler/CJ	2,748	2,787	11,815	14,114
Wagoneer	1,021	898	5,180	4,239
Cherokee	8,727	8,836	42,594	39,405
Grand Wagoneer	937	1,202	5,166	6,186
Comanche	3,556	2,116	15,770	12,194
J-10/J-20	159	141	661	640
Jeep	**17,146**	**15,978**	**81,186**	**76,778**
Toyota	32,886	36,478	129,586	154,896
Nissan	15,853	21,164	92,464	93,296
Mazda	10,701	15,206	49,339	59,630
Isuzu	7,104	3,865	35,491	34,543
Mitsubishi	4,647	2,684	20,379	14,190
Suzuki	8,000	4,436	36,942	16,623
Subaru	98	240	935	1,261
Range Rover	220	0	469	0
Imports	**79,507**	**84,073**	**368,607**	**374,439**
Industry Total	**409,391**	**435,385**	**1,888,344**	**1,863,257**

Chevrolet retailed 9,807 of the new C/K models in May, up from 6,080 in April. They accounted for 27.3 percent of Chevrolet's full-sized pickup sales in May.

So far, including sales in March before the introduction, Chevrolet has retailed 19,694 C/K models.

GMC sold 2,644 Sierra pickups in May, up from 1,831 in April. They accounted for 28.1 percent of GMC's full-sized pickup sales. GMC has retailed 5,613 Sierras so far.

GMC's overall light-truck sales of 24,577 last month were off 15.5 percent from last year, while its five-month sales of 122,169 were off 3.6 percent.

Import sales totaled 79,507 in May, down 5.4 percent from last year. The imports' five-month total of 368,607 was off 1.6 percent from 1986.

Navistar dealer unit grows as tax law spurs leasing

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The tax reform act is buoying the truck rental and leasing market and dealers' participation in it.

Proof of that is the growth of dealer-leasing associations, like Chicago-based Idealease Inc.

At the Truck Rental and Leasing Association convention in Las Vegas earlier this year, officials of leasing companies and leasing-related businesses said the Tax Reform Act has increased customers' interest in leasing and will benefit the full-service leasing industry.

Similarly, officials at Idealease attribute recent strong membership gains in part to a heightened interest in leasing by both dealers and their customers.

The association, which consists of Navistar-only dealers, had been growing rapidly even before the changes in the tax law.

Idealease grew out of an idea by 11 Navistar dealers in 1982 to band together to provide reciprocal services for their out-of-town truck customers.

If a customer of a member dealer has an out-of-town truck breakdown, he can get service through a toll-free telephone number and be back on the road within an hour or two, without paying any outside fee.

Aside from the reciprocal dealer services, the association also provides marketing and warranty programs for dealer members.

Ted Bertram, Idealease executive vice president and general manager, credits the success of the association to the fact that it helps dealers provide the full service required by today's customers.

Idealease also gets its dealer members the best prices available for trucks they put into rental and leasing from five to seven different pricing structures that Navistar reportedly has, according to industry sources.

At any rate, at the end of last year, Idealease had 249 heavy-duty truck dealers.

They placed more than 2,000 vehicles into operation in 1986, bringing their North American total to 9,000 units in service. That was up 27 percent from the year earlier.

This year, the association is adding another 50 to 100 dealers who already lease vehicles, which is expected to bring total membership to over 300 by September. That will represent more than 40 percent of Navistar's 700 heavy-truck dealers.

The association's dealers now have just over 10,000 vehicles in service, with a goal of 15,000, including tractors and trailers, by September.

The association operates autonomously from Navistar, which is more of a vendor than anything else, according to a spokesperson.

Idealease competes with other truck-leasing companies like Ryder, Hertz and Gelco as well as dealer associations like National Lease and AMTRA Lease.

Competitive dealer associations, though, are open to all manufacturers' dealers, while Idealease is restricted exclusively to the Navistar group.

Volvo GM building Canada home

MILTON, Ontario — Volvo GM Canada Heavy Truck Corp. has broken ground for its new headquarters in this small community near Bramalea.

Construction began earlier this month. The new facilities are expected to be ready by Nov. 6.

Kurt R. Beyeler, president of the company formed by the merger of the Volvo and GM North American heavy truck operations, was highly optimistic about the future, based on the strong dealer support.

He said dealers have already placed more than 300 truck orders with the new company, a total that is well ahead of company projections.

Dealer response, in fact, has been so strong the company has had trouble filling orders, he added. He called it "a pleasant problem."

Located adjacent to Highway 01, close to major airports and the metropolitan Toronto area, the headquarters facility will include a 55,000-square-foot warehouse and a 9,000-square-foot training area. In addition, it will have 16,000 square feet of office space.

Situated on an 8.8-acre tract, it will offer parking for 100 cars, a 150-truck depot storage area and service bays. When completed, it will have 100 employees.

DiversiTech building in Indiana

AKRON, Ohio — Work has begun on a $50 million plastic components manufacturing facility in Shelbyville, Ind., that will be operated by the Reinforced Plastics Division of DiversiTech General.

The 260,000-square-foot plant is expected to be completed in mid-1988. It will create 500 new jobs and will produce reinforced plastic components for the automotive industry. It will house molding, assembly, painting and shipping operations.

According to company officials, the Shelbyville plant will set a new standard for the industry — from the equipment used, to the design of the manufacturing process, to the way the employees are managed. They said the plant will use organizational concepts based on a participative management style.

The manufacturing process will use short-stroke compression molding presses, as well as robotics for loading, unloading and handling materials.

DiversiTech General is a custom molder of reinforced plastic components for the automotive industry. Its Reinforced Plastics Division also has manufacturing facilities in Marion, Ind., and Ionia, Mich.

Those plants provide a variety of parts, including major body panels for the Chevrolet Corvette, Pontiac Fiero hoods and headlamp covers and Chevrolet Blazer roofs.

DiversiTech General is a subsidiary of Gencorp.

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PRIOR SALES BY MODEL

ACURA				
Integra	3,888	4,063	21,589	8,145
Legend	5,018	4,389	23,591	9,599
Vigor	1,218	1,254	4,961	3,747
ALFA ROMEO	83	81	2,498	2,211
AUDI	5,238	5,138	16,972	27,332
4000	1,172	1,214	2,443	3,147
4000CS Quattro	48	208	881	1,177
5000	2,516	3,017	10,135	14,446
5000CS Turbo	363	422	1,676	2,775
5000CS Turbo Quattro	249	253	1,497	1,262
Coupe GT	114	327	484	1,370
BMW	7,799	8,317	35,276	37,331
318i	6	42	14	738
325 TD	0	213	23	1,109
325i	5,219	5,227	23,575	29,332
325is	1,380	1,335	4,030	3,227
535i/535is	412	734	3,140	2,967
5 Series	187	220	836	1,178
7 Series	1,196	586	3,186	2,766
M5	35	0	97	0
M6	75	0	300	0
X3	10	0	13	0
CHEVROLET	9,294	15,296	49,265	65,152
Spectrum	5,233	6,147	18,913	31,729
Sprint	3,968	9,139	29,632	29,423
CHRYSLER-MITSUBISHI	9,636	7,538	49,554	54,985
Colt	3,246	5,464	31,498	38,615
Conquest	1,020	439	5,513	2,370
Vista	5,370	2,916	12,543	13,748
FORD FESTIVA	1,108	0	1,453	0
HONDA	29,325	34,747	110,598	173,816
Civic/CRX	12,095	21,703	48,471	98,709
Accord	8,037	7,783	36,932	43,959
Prelude	6,233	5,401	25,185	31,118
HYUNDAI	22,343	13,963	69,867	37,255
ISUZU	3,371	1,712	11,713	13,570
I-Mark	2,442	1,083	4,493	7,348
Impulse	516	629	3,220	6,220
JAGUAR	2,304	2,191	7,832	9,002
XJ6	1,958	1,670	6,101	7,170
XJS	344	521	1,731	1,832
MASERATI	65	163	300	729
MAZDA	15,129	16,353	88,429	88,341
323	5,397	5,884	25,704	29,025
626	5,089	6,757	27,400	33,927
RX-7	4,643	4,712	15,325	20,859
MERCEDES-BENZ	8,287	8,075	38,136	38,963
190	1,604	1,610	7,992	9,129
250E	567	0	2,315	0
300	2,187	1,820	10,104	10,239
300SL Turbo	686	685	3,047	1,387
420SEL	1,272	1,272	5,694	7,068
560SEL	663	660	2,725	4,111
560SL	1,108	1,186	5,070	5,546
560SEC	163	208	797	1,131
Diesel	123	304	404	85
MERCURY	1,043	1,884	3,701	6,336
XR4Ti	771	1,550	3,367	5,238
Scorpio	234	0	334	0
MITSUBISHI	8,046	3,857	28,322	19,771
Starion	400	424	2,305	2,521
Sonata	524	464	1,778	2,156
Tredia	498	662	1,997	3,068
Mirage	1,695	1,126	4,531	4,996
Cordia	1,287	1,114	5,028	6,101
Precis	1,288	0	3,276	0
Van/Wagon	274	0	2,368	0
NISSAN	29,555	47,490	174,521	189,533
Sentra	4,146	17,888	49,404	53,157
Pulsar	4,567	4,840	27,940	20,411
Stanza	4,545	12	25,830	13,870
Maxima	5,886	10,708	30,432	46,252
200SX	2,484	4,338	14,035	20,837
300ZX	2,881	4,978	12,426	23,956
Hardbody	4,754	819	1,751	1,966
PEUGEOT	866	1,017	3,666	5,516
PORSCHE	2,413	2,440	10,825	11,521
924S	317	70	1,175	0
944	894	832	2,587	4,637
944S	195	0	1,172	0
944 Turbo	239	635	1,158	2,511
911 Coupe	660	345	3,097	1,824
911 Turbo	184	158	627	837
928S	209	214	898	1,068
RENAULT	1,477	247	3,778	1,782
18i	0	145	0	831
Fuego	0	102	0	951
Medallion	1,477	0	3,778	0
SAAB	3,997	4,275	17,808	18,966
900	831	1,398	3,737	5,747
9000	1,321	1,353	5,670	5,604
900 Turbo	770	727	3,428	3,181
9000S	325	0	1,274	0
9000 Turbo	578	825	3,423	4,147
Tourist	72	76	277	281
STERLING	1,022	0	5,221	0
SUBARU	16,128	14,265	63,171	78,057
Hatchback	495	1,396	3,030	7,389
2-Door	1,397	973	5,279	3,799
4-Door Sedan	4,159	4,179	15,747	24,356
XT	2,022	2,117	9,157	10,776
Station Wagon	7,263	5,600	27,269	31,737
Justy	790	0	3,669	0
TOYOTA	50,677	62,489	195,224	230,607
Corolla	9,099	15,099	36,790	52,512
Tercel	8,437	5,716	31,871	29,079
Celica	7,972	11,616	29,517	44,399
Supra	2,911	4,121	11,708	9,767
Camry	16,447	14,804	59,440	54,004
Cressida	1,935	4,448	6,881	14,142
Land Cruiser	306	329	1,596	1,508
Van	1,274	1,639	5,974	7,451
4Runner SR 5	133	508	1,557	2,876
MR2	1,896	3,379	7,254	12,304
Tercel	267	844	1,638	2,574
VOLKSWAGEN	15,298	16,397	50,042	64,434
Cabriolet	1,882	1,812	6,520	6,739
Jetta	7,031	10,578	21,832	43,906
Vanagon	1,116	1,451	4,236	5,286
Quantum	837	1,126	2,803	4,495
Scirocco	799	1,391	3,116	4,589
Fox	3,141	0	9,533	0
VOLVO	10,902	10,546	52,881	51,825
240 Series	5,185	5,010	25,854	25,139
740 Series	3,960	4,227	20,418	20,714
760 Series	1,004	909	5,427	4,586
780 Series	6	0	7	0
Tourist	227	360	675	1,375
YUGO	4,111	1,500	12,272	9,623
IMPORT TOTAL	260,164	286,672	1,062,668	1,045,[illegible]

Some makes happy with May results

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

New car sales in May slumped almost 18 percent from the year-earlier total, but the news wasn't all bad. Some makers had favorable comments on their performance during the month.

For example, Yugo America Inc. used reports of rising sales and its 60,000th retail delivery last week to do a bit of horn blowing.

"The figures reinforce the fundamental premise of the Yugo. That is that Americans need and appreciate the great value in the economical, reliable transportation the Yugo offers," said Yugo America President William Prior.

Jaguar sales of 2,304 cars in May set a record for the month. The previous peak was 2,191 in 1986.

Graham W. Whitehead, president of Jaguar Cars Inc., said his company has had a smooth sell-out of the XJ-6 Series III in the United States. He said virtually all of the remaining Series III cars will be sold in the next month.

Dealers report that orders for the new 1988 XJ-6 sedan are strong, and Whitehead said he expects that, after a slow period, sales will accelerate in the final quarter of this year as supply improves.

Hyundai Motor America said May sales were in line with its plans to sell 250,000 cars in this country this calendar year.

"Our strong performance, which quickly propelled us to the fourth position among importers, demonstrates the Hyundai Excel's continuing appeal even with the increased competition in the U.S. market," the company said.

Supply also figured in sales comments from Range Rover of North America, which entered the U.S. market with its four-wheel-drive Range Rover March 16.

"We created a market niche — luxury sport-utility — with the Range Rover," said President Charles R. Hughes. "But the demand reported by our dealers makes me think we may have one of the most successful launches ever of a European luxury vehicle.

"We have targeted an average monthly selling rate of 250 Range Rovers, which we will hit during June. Meeting our full-year target of approximately 3,000 units depends primarily on getting them from the factory, which is enjoying a 50 percent sales increase in Europe," he said.

William E. Enockson, American Motors group vice president, North American sales and marketing, said incentives are paying off.

"Consumers are saying yes to our return to zero percent, two-year financing on selected Renault and Jeep models," he said. "Buyers have the choice of the financing programs or rebates ranging from $300 to $700. In addition, the 1988 Renault Medallion is available with a $100 rebate, or 3.9 percent, two-year financing."

Audi of America opens new Western area office

PLEASANTON, Calif. — Audi of America has opened its new Western region office in this city 40 miles east of San Francisco.

The office employs 28 and handles the wholesale sales and service operations for 58 Audi dealers in Alaska, Idaho, Montana, Oregon, Washington, northern California and western Nevada.

AUCTION DATES

American Motors

June 16 — D-A Auto Auction, New Stanton, Pa.

June 17 — Minneapolis Auto Auction, Plymouth, Minn.

June 18 — Corry Auto Auction, Corry, Pa., and Evansville Auto Auction, Evansville, Ind.

June 19 — St. Louis Auto Auction, Bridgeton, Mo.

Chrysler Corp.

June 16 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

June 17 — A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

June 18 — Fredericksburg Auto Auction, Fredericksburg, Va.

June 19 — St. Louis Auto Auction, Bridgeton, Mo.

June 23 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

Ford Motor Co.

June 17 — Lakeland Auto Auction, Lakeland, Fla., and Southern California Auto Auction, Fontana, Calif.

June 18 — Denver Auto Auction, Englewood, Colo.; Aptco Auto Auction, Taylor, Mich.; Minneapolis Auto Auction, Plymouth, Minn.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

June 23 — South Seattle Auto Auction, Kent, Wash.

June 24 — Columbus Fair Auto Auction, Obetz, Ohio, and Clanton's Auto Auction, Darlington, S.C.

General Motors

June 16 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

June 17 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Omaha Auto Auction, Omaha, Neb.; and Baltimore-Washington Exchange, Baltimore

Used Car Sales
Auction Averages

June to date	$5,929
Month ago	$5,868
Year ago	$5,172

Model Breakdown
Auction Averages

	JUN 1987	MAY 1987	APR 1987
1987	$11,295	$11,046	$13,266
1986	$9,232	$9,287	$9,460
1985	$7,235	$7,194	$7,236
1984	$5,751	$5,718	$5,732
1983	$4,885	$4,873	$4,842
1982	$3,709	$3,705	$3,727
1981	$2,707	$2,705	$2,635
1980	$2,145	$2,141	$2,170
Overall Average	$5,929	$5,871	$5,832

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Keller: import sales may dip 10%

By Susan Luce
SPECIAL CORRESPONDENT

DETROIT — For the first time in many years, foreign automakers will experience decreased U.S. sales — perhaps as much as 10 percent in 1987 — as the auto business begins its cyclical decline.

Auto analyst Maryann Keller said that despite record 1986 sales, consumers are tapped out and today's car market is in the mature stage of its cycle. With demand decreasing and more nameplates entering the U.S. market, both foreign and domestic manufacturers will have to fight to maintain market share.

Keller, a vice president with Furman Selz Mager Dietz & Birney, told the Women's Economic Club here last week that 1988 will likely parrot 1987.

So what will happen by 1990, Keller asked, with more than 40 firms selling some 200 nameplates? Because "consumer brand loyalty has basically evaporated," she said, niche marketing will become a way of life, and competition will be based on specialization.

Automakers will have difficulty maintaining a market share. But the next few years will be an "era of disappointment" after which the strongest will emerge in the mid-1990s, she said.

During this period, Japan will be vulnerable, especially because cars are its prime source of profitability, Keller said. But the Japanese

Keller: Niche marketing will become a way of life, and competition will be based on specialization.

automakers can't be dismissed as competitors — even with the fluctuations in exchange rate.

The stronger manufacturers, likely to be Toyota Motor Co. and Honda Motor Co., will be selling cars into the mid-segment of the American car market. Pushing medium-sized cars priced like full-sized American cars might be difficult, she noted, but success such as that Honda has had with the Acura Legend could spur the manufacturers to try.

Japanese manufacturers will be increasing U.S. parts procurement, Keller said. And she sees possible Japanese investment in Eastern Europe, with cars being built in countries such as Romania or Czechoslovakia, and exported to the United States in the next five years or so.

Domestic auto manufacturers are developing strategies for the future market, she said. Ford Motor Co., for example, will probably not make much new investment in the United States. Keller called this global strategy Ford's attempt to balance its domestic skills with its capital requirements.

Chrysler Motors's future hinges on its ability to consolidate and improve the efficiency of American Motors operation when its acquired. Greater exposure in the truck market will help Chrysler, she said, especially as trucks likely become the best performers in the future.

General Motors has had a different philosophy toward the future, she said. GM has not cut costs to the extent Ford and Chrysler have. The jury's still out on GM's major acquisitions and reorganization, she said. But the cost cuts the manufacturer is now making lead Wall Street analysts to believe that GM is developing a more vigorous spirit.

Keller said that she, more than some analysts, tends to look at sales. While GM's performance is still not up to par, she believes that Corsica and Beretta mark a change in both design and philosophy.

"I can only hope that this is just the start and that in the end, by 1990, all the divisions have created for themselves the distinctiveness that they're going to need," Keller said.

To succeed in the 1990s, she said, an auto manufacturer will have to offer quality, but cost, performance, image and the value a car presents will be vital.

Hertz says U.C. sales jumped 3% in '86

NEW YORK — Over a half-million more used cars were sold during 1986 than in the previous year, according to a yearly study prepared by Hertz Corp.

The nation's consumers bought an estimated 16,524,000 used cars last year compared with 15,931,000 in 1985.

The study said the average used car sold in 1986 was 4.5 years old, had 41,140 miles and cost $5,833. In 1985, the average age was 4.6 years, the car had 45,270 miles, and the cost was $5,431.

By contrast, a typical unit in 1979 was just 2.8 years old, had 29,090 miles and cost $3,602.

Overall used-car revenues jumped 11.4 percent to $96.4 billion from $86.5 billion the prior year, the Hertz study shows.

Typical ownership and operating costs for used autos bought last year rose 1.8 percent to 25.52 cents a mile compared with 25.07 cents in 1985. The amount is for a five-year-old compact that is expected to be driven another five years at 10,000 miles annually.

By contrast, a typical new 1986 compact cost 48.48 cents to own and run the same mileage, up from 47.64 cents in 1985, as the company reported in a study earlier this year.

The average 1986 new-car purchase price was $11,010, 89 percent above the typical $5,833 used-car outlay last year.

Combined new- and used-car sales in 1986 came to 27,660,000 units, up 3.1 percent from 26,820,000 in 1985 and 4.3 percent below the 1978 unit record of 28,900,000, the Hertz study said.

Owing to higher purchase prices, however, combined new- and used- car buying in 1986 aggregated a record $219 billion (averaging $7,918 per vehicle), 11 percent ahead of the prior top of $197.2 billion ($7,353 a unit) in 1985.

The used-car unit record was 1980 when 18.664 million were sold for $70.3 billion ($3,794 per vehicle). The new-car unit high came in 1973 when 11.376 million were bought — for $41 billion ($3,596 per unit).

The 1986 poll shows direct purchases account for 44 percent of all used cars sold — 23 percent from relatives, neighbors, friends or business associates and 21 percent from strangers. New-car dealers' used-car lots account for 45 percent of sales and independent used-car-only outlets, 11 percent.

Hertz poll respondents said that used cars bought from new-car dealers in 1986 were younger than average (2.7 years old), had lower mileage (31,694) but cost more ($7,696). Those bought from used-car dealers averaged 5.7 years of age, had 51,060 miles and cost $4,579.

Direct buys from strangers averaged 5.8 years old, had run 50,302 miles and cost $4,137, while purchases from acquaintances were 7 years old, had run 51,900 and cost $3,732.

Typical 1986 purchase prices for used compacts versus new cars ranged from 21 percent less expensive for a one-year-old car to 95 percent less expensive for a nine-year-old car. Savings on owning and operating used compacts ranged from 18 percent to 58 percent.

Despite the increase in expenses as mileage grows, the average used car's ownership and operating expenses usually drop in its later years. Lower depreciation, interest, insurance, taxes and fees, as well as the lower purchase price, more than offset maintenance, Hertz said.

"Last year, typical used car buyers saved some 68 percent on purchase prices under new car sticker charges on comparably sized units. Ownership and operating expenses in comparable driving averaged 47 percent lower," the 1986 analysis said.

The average 1986 family income of used-car buyers was $35,200 — 30 percent lower than the $49,791 reported by new-car families. Used-car-buying families owned 2.2 cars each, while new-car families had 2.1, the study said.

The latest Hertz nationwide poll also showed the following:

- Since 1979, the average used-car age at purchase time rose 57 percent, or 1.69 years.
- Since 1979, mileage at purchase rose 41 percent, or 12,050 miles; average purchase price rose 61 percent, or $2,231; and operating costs climbed 47 percent — to a typical 25.52 cents a mile from 17.4 cents a mile for cars driven more than five years at 10,000 miles a year.
- Purchase prices of a typical new compact soared 106 percent to $10,439 in 1986 from $5,079 in 1979. Ownership and operating costs rose 70 percent in 1986 — to 48.48 cents a mile from 28.55 cents a mile in 1979.
- Cars that are traded first change hands at 4.5 years of age after 41,140 miles, then are run another 5.4 years until they have been driven 106,603 miles.
- Some 20 percent of used-car buyers had never bought a new car before, and 10 percent said they had never previously bought a used car, the Hertz poll said.
- Buyers of used cars are about the same age as new-car buyers (44.1 years versus 45 years). Some 71 percent of used-car buyers are men, 29 percent women. In 1979, that figure was 84 percent men, 16 percent women.
- Fewer than half (46 percent) of used-car buyers financed their cars in 1986, down from 60 percent in 1979. That compares with 75 percent of new-car buyers who take out loans.

GLUT

FROM PAGE 1

new-car manager at Coast Cadillac, Long Beach, Calif.: "We don't have a stockpile. We are where we try to be at this time of the year."

Roger Gill, new-car sales manager at Van Drunen Ford, Homewood, Ill., just south of Chicago, spends a good deal of his time these days trying to locate cars that are in short supply. "Mustangs have been hard to get for a couple of months," he said. "Everybody wants them. Crown Victoria is moving very well and we're starting to get short of them. The truck line is short, especially those with automatic transmissions. On the other hand, everyone has plenty of Tauruses and enough Tempos to last through buildout."

A dealer who handles Volkswagen and Mazda said, "On balance and in general, I'm not really in any inventory trouble. With Mazda, we're continually trying to get more cars and with Volkswagen things are a litle softer."

"There could be some dealers who are over-inventoried but we are not. In fact, we're running out of some automobiles — Horizon and the LeBaron coupe, for example" said Max Kester at Chicago's Beverly Chrysler-Plymouth.

The June 1 domestic car inventories were split this way: GM, 55.24 percent; Ford Motor Co., 26.62 percent; Chrysler Motors, 13.84 percent; Nissan, 1.50 percent; Volkswagen, 1.00 percent; American Motors, 0.97 percent; Honda 0.44 percent and Toyota 0.39.

Shares by size class June 1 were: Intermediate, 40.50 percent; compact, 18.87 percent; subcompact, 17.85 percent; standard, 12.47 percent, and luxury, 10.31 percent.

The 77-day supply of U.S.-built cars consisted of an 87-day supply of intermediates, an 81-day supply of both standard and luxury models and a 58-day supply of subcompacts.

The inventory of imported cars by country of origin stood this way on June 1: Japan, 65.64 percent; Germany, 20.31 percent, and other 14.05 percent.

IMPORT DAYS' SUPPLIES

	June 1 '87	May 1 '87	June 1 '86
Spectrum	31	131	125
Sprint	162	139	61
Chevrolet	181	134	86
Chrysler Corp.	104	93	101
Acura	37	41	35
Honda	11	12	9
Isuzu	75	104	231
Mazda	72	83	77
Mitsubishi	54	48	42
Nissan	107	90	45
Subaru	94	115	33
Toyota	19	27	11
JAPAN	56	61	31
Audi	89	116	66
BMW	87	84	57
Mercedes-Benz	37	36	31
Merkur	120	144	62
Porsche	79	71	61
VW	72	84	42
GERMANY	68	75	52
Alfa Romeo	99	124	5
Fiat	82	156	7
Hyundai	26	22	1
Jaguar	21	31	2
Peugeot	87	80	75
Renault	270	283	240
Saab	75	61	51
Sterling	74	45	1
Volvo	80	95	67
Yugo	45	38	55
Other Countries	58	48	37
Total Import Cars	58	61	31
Kia	66	74	168
Mazda	64	72	28
Mitsubishi	41	58	66
Nissan*	104	79	85
Toyota*	37	35	14
Suzuki	16	14	14
Yugo	45	38	55
Chrysler	113	97	64
Total Imp. Trucks	41	47	34
Total Imp. Cars & Trucks	58	61	31

*Includes Toyota trucks

DOMESTIC DAYS' SUPPLIES

	June 1 '87	May 1 '87	June 1 '86
Alliance	162	171	137
Escort	0	0	203
Total Renault	162	171	167
Eagle	145	131	148
Total AMC	145	131	140
AMERICAN MTRS.	160	166	167
Horizon	45	55	30
Omni/Omni	60	66	0
Turismo	163	95	96
Reliant	57	52	53
Caravelle	105	80	64
Plymouth	45	83	44
Total Plymouth	65	78	50
Laser	42	83	144
LeBaron K	80	96	76
LeBaron J	143	155	0
LeBaron GTS	124	93	122
Fifth Avenue	124	93	76
New Yorker	96	96	96
Total Chrysler	111	97	92
Omni	45	51	31
Shadow	55	139	0
Charger	139	42	94
Daytona	92	104	93
Aries	82	54	76
Lancer	138	127	152
Diplomat	69	66	57
Dodge 400	103	90	72
Total Dodge	75	75	71
CHRYSLER MTRS.	82	79	70
Escort	79	69	46
Mustang	40	48	45
Tempo	75	73	66
Taurus	75	69	41
Thunderbird	69	71	80
LTD	0	0	57
Crown Victoria	44	49	58
Total Ford Div.	68	66	54
Lynx	97	105	64
Lynx	86	74	56
Sable	115	99	46
Cougar	91	87	32
Capri	0	0	66
Marquis	0	0	56
Grand Marquis	59	53	56
Total Mercury	86	83	56
Continental	79	68	67
Lincoln	61	50	58
Mark VII	50	53	72
Total Lincoln	60	52	64
Total Ford Cars	77	75	57
FORD MOTOR CO	71	68	56
Skyhawk	137	143	132
Skylark	0	0	0
Somerset Regal	148	102	57
Century	132	85	78
Regal	98	74	98
LeSabre	110	75	61
Electra	142	105	79
Riviera	82	64	153
Total Buick	127	98	76
Cimarron	114	113	80
Allante	76	67	0
Seville	84	73	65
Cadillac	90	69	55
Eldorado	85	76	90
Total Cadillac	89	69	82
Etoile	56	46	73
Nova	85	77	84
Camaro	103	64	53
Fiero	0	0	68
Camaro	58	54	66
Celebrity	60	44	57
Corsica/Beretta	74	113	0
Monte Carlo	128	133	76
Chevrolet	86	91	73
Corvette	85	91	61
Total Chevrolet	77	71	68
Firenza	143	153	84
Cavalier	78	62	55
Oldsmobile Omni	83	85	50
Oldsmobile Starfire	166	73	50
Olds 88	83	77	69
Olds 98	103	106	48
Firebird	90	85	91
Total Oldsmobile	87	74	57
Pontiac	78	78	94
6000	61	55	109
Sunbird	100	81	48
Firebird	46	38	48
Grand Am	50	49	14
6000	104	91	76
Grand Prix	121	101	92
Grand Prix	0	0	106
Pontiac 1000	102	93	80
Total Pontiac	79	72	67
GENERAL MTRS.	87	78	83
VOLKSWAGEN	91	114	76
HONDA	9	9	16
NISSAN	48	40	17
TOYOTA	37	35	14
IMPORTS TOTAL	77	72	62

GM eyes $100 million debt swap

By Marci Baker
CRAIN NEWS SERVICE

General Motors is considering a $100 million swap of Latin American debt for equity to further capitalize its Mexican operations.

If it carries out the swap, GM would join a growing list of U.S. companies that are taking advantage of the secondary trading market for Latin American debt to build up operations there.

"We've been looking seriously at (LDC debt conversions) for some time," said a GM spokesman, who declined to comment on anything more specific.

Sources said, however, the company is working with Manufacturers Hanover Trust Co. on a $100 million debt-for-equity swap of Mexican loans.

Corporate officials and investment bankers say the transactions often offer the cheapest, most attractive mechanism to finance activities in developing nations.

Ford, Chrysler and Nissan have used the same technique to increase their equity investments in Third World countries.

The debt-for-equity swap opportunity presented to Chrysler last year "was instrumental in our decision to increase our production and export capabilities out of Mexico," said W. Frank Fountain, assistant treasurer.

Chrysler launched a $100 million swap of Mexican debt last fall, buying the debt at less than 60 cents on the dollar from a group of European and U.S. banks.

Chrysler since has completed another $10 million swap deal.

CAPACITY

FROM PAGE 1

maining 25 percent of the market is expected to be composed of Japanese imports.

Those were among the forecasts recently presented at the first International Policy Forum, held at Niagara-on-the-Lake, Ontario. The closed-door session was attended by senior industry executives, government officials and union leaders. Approximately three forums will be held during the four-year-study period.

It was sponsored by the International Motor Vehicle Program, which is the second major study of the future of the automobile under the auspices of MIT. The current venture, which began last year, will involve 15 nations — including a number of Third World countries. The four-year project will cost about $5 million.

James Womack, the program's research director, said a major implication of the study for the U.S. industry is that automobile production capacity of the U.S.-based makers "should be reduced by 2 to 3 million units." He said that is based on conservative assumptions that import and transplant sales will be fixed at an annual level of 5.5 to 6 million cars in a market of about 12 million.

Based on the study's predictions, he said, North American-based automakers will be operating at a capacity utilization rate of 63 percent in 1990. In 1986, capacity utilization was 75 percent.

The results of the study on U.S. plant overcapacity were presented by John O'Donnell, of the Department of Transportation's Transportation Systems Center in Cambridge, Mass. He is a research affiliate at MIT with the International Motor Vehicle Program.

In an interview, O'Donnell said he and his research assistant, Laurie Hussey, assumed a U.S. auto market of 12 million units in 1990 — a figure he insists is conservative even though other analysts think it is too high.

He made these other points:

- Sales by transplants and Korean and other imports will capture almost two-thirds of the U.S. small-car market by 1990. "The Japanese and transplant share of the mid-size and sports-car markets will increase by almost 50 percent (over 1986)," he said. "The Japanese are expected to make significant gains in the luxury-car market."
- In terms of manufacturing facilities, "the permanent elimination of 2 to 3 million units of assembly and parts production capacity is equivalent to 7 to 10 final assembly plants; 2 to 3 stamping plants; 3 to 4 engine plants; 2 transmission plants; 20 materials plants, and scores of plants making minor parts."
- A permanent reduction of 2 to 3 million units of capacity "would also result in the elimination of 100,000 to 150,000 hourly and salary jobs with the U.S. automakers."

Womack outlined and commented on some of the other industry analyses presented at the three-day session in Ontario. Among them:

- The U.S. industry, especially General Motors, has been spending a "tremendous amount" of money on research and development — contrary to what some critics have said. But the Japanese, who have also spent large amounts on R&D, "seem to be getting more for their money. We have seen a tremendous amount of patenting" by the Japanese, in the United States as well as in their homeland.
- The U.S. carmakers seem to be "standing still" on patenting, compared with the Japanese. "We see this is as an ominous trend for the U.S. industry."
- Much of the same kind of cost-benefit picture applies to big U.S. expenditures on automation. "There isn't much evidence that we are getting a lot to show for it," he said.

For all the negative aspects of the U.S. picture, "not all is doom and gloom," Womack said. "That is out of date. I'm bullish in the long run." The reason is that the "best of the U.S. car plants are world-class — in terms of productivity and quality." He declined to identify them.

But as for the worst U.S. plants, "there are a lot!" Womack said. And between the best and the worst, "there is an enormous gap." Considering what the productivity-quality picture was only five years ago, he said, the improvements in the best U.S. plants are "amazing," while the worst are simply not competitive.

International Motor Vehicle Project teams will step up intensive inspections of European plants this summer, Womack said, "but we already know that at least a few of the big producers in Europe are really no better than the worst of the Americans."

As for the transplant car makers here, "the popular media says that they're all alike," Womack said. "Our information indicates that there are really big differences between the best and the worst. Some are terrific; some just average. The best are almost as good as the best in Japan."

Womack said there are also widespread popular misconceptions here about the automakers in Japan: "There is a big difference between the best and the worst of them. . . . We've been looking at how much effort it takes to get the job done, and what is the quality of the effort . . . Toyota is clearly the best in the business there. Some of the others are not in the same league."

He said that in the United States, it takes about five years to bring a new product to the market; in Japan, it is 3½ years.

"The new players in the world export market — among them Mexico, Korea and Taiwan — seem to be right up there now," Womack said. "Some of the stuff from these Third World countries is dynamite. . . . Our assumption had been that they could compete on cheap wages, but that they couldn't do it on quality. They are building super quality, with low effort. . . . We're seeing evidence that these new entrants can build a world-class car."

Investing enormous amounts in high technology, including automation, is no guarantee of commensurate improvements in quality, Womack said. "We have found high-tech plants, especially in the U.S., with poor results.

The important thing, he said, is the difference in social systems. "It is so striking. It isn't just space. It's a matter of philosophy. In some Japanese plants, you can hardly move around.

"It's a matter of organization. They really know how to make the teams work. Americans for the most part are running 'dedicated' factories — dedicated to one product. How long does it take to convert to a new product?"

Stated another way, it's a matter of philosophy. "You really have to have a manufacturing philosophy and a system of organizing people which makes sense in terms of the new technology that you are trying to use," Womack said.

"We see here a lot of examples of new technology just being dropped into an old manufacturing philosophy and an old system of organizing people. Not surprisingly, that doesn't work very well. So, it is possible to spend a lot on new tools and get little to show on improved quality."

Womack said that the "big push" in the newest MIT study is on "the emerging best practices to operate in the U.S. We have been going around the world looking at people's R&D practices." About 30 plants around the world have already been inspected, and 15 to 20 more inspections are scheduled.

Also being analyzed are supplier systems and distribution. "In the U.S., distribution is not much different today than it was 50 years ago," Womack said. "We suspect there will be some spectacular movements in this area. Among them may be dealers trying to go public and chain dealer outfits."

The earlier MIT-sponsored study, "The Future of the Automobile," concentrated on cars in the United States, Japan and five European countries. It involved the efforts of some 130 researchers, cost about $8 million and was completed in the summer of 1984.

A co-director of that project, MIT Professor Daniel Roos, is the director of the new one. The current program is under the aegis of MIT's Center for Technology, Policy and Industrial Development.

PRODUCTION

Auto production slips

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

With several assembly plants idle, last week's targeted domestic auto production fell below the week-earlier and year-earlier totals.

Automakers scheduled 154,207 cars last week, 1.49 percent below the previous week's 156,545, which was also affected by plant closings.

Last week's output was 7.43 percent below the year-ago week's 166,588.

So far this year, 3,572,010 cars have been assembled, 8.48 percent below the 3,903,104 completed last year at this point.

Companies split last week's estimated production as follows: General Motors, 48.76 percent; Ford Motor Co., 25.95 percent; Chrysler Motors, 15.37; Honda of America Manufacturing Inc., 4.28 percent; New United Motor Manufacturing Inc., 2.43 percent; Nissan Motor Manufacturing Co., U.S.A., 1.91 percent; and Volkswagen of America, 1.30 percent.

American Motors ended production of its 1987 Alliance models June 5. Output of the Alliance is not expected to resume until preparation for the Chrysler L-body (Omni/Horizon) is completed at AMC's Kenosha, Wis., plant.

GM's Willow Run, Mich., plant is down this week for inventory adjustment, idling 4,800 workers. The plant is expected to resume production June 22.

GM's Tarrytown, N.Y., and Norwood, Ohio, plants resumed output today (June 15). Both were closed for one week to adjust inventory.

Chrysler's Belvidere, Ill., plant remains down for model changeover until mid-July.

Saturday (June 13) overtime was slated for GM's Lansing (No. 1), Mich., plant.

All Ford assembly plants except Edison, N.J., are scheduled for daily overtime this week.

Chrysler's St. Louis (No. 2), and Sterling Heights, Mich., plants are slated for daily overtime this week.

Week's truck build holds steady

Scheduled domestic truck production totaled 77,478 units last week, slightly below (0.71 percent) the previous week's 78,035 but 3.34 percent more than the year-ago week's 74,973.

Year-to-date, 1,740,582 trucks have been built, 2.30 percent more than the 1,701,428 assembled last year at this time.

Ford Motor Co. closed its Michigan Truck facility in Wayne, Mich., today for four weeks. The plant will be down the first two weeks for model changeover and the second two weeks for vacation.

The plant is expected to resume output July 13.

General Motors' Lordstown, Ohio, plant was scheduled for Saturday (June 13) overtime.

All Ford plants except Wayne, Mich., are slated for daily overtime this week (June 15).

Cars, trucks on a par in Canada

Canadian automakers scheduled production of 18,135 cars last week, 1.19 percent more than the previous week's 17,921 but 29.17 percent below the year-ago week's 25,603.

So far this year, 381,885 cars have been assembled, 29.45 percent below the 541,282 completed last year at this point.

Last week's truck output was targeted at 18,337, 4.74 percent more than the prior week's 17,507 but 5.98 percent below the year-ago week's 19,504.

Year-to-date, 379,137 trucks have been built, 13.58 percent below the 438,691 assembled last year at this time.

CANADIAN CAR	Week Ended June 13, 1987	Week Ended June 14, 1986	Week Ended June 6, 1987	June to Date	Jan. 1 to June 14, 1986	Jan. 1 to June 13, 1987
AMERICAN MOTORS	100	0	0	100	2,405	2,756
FORD MOTOR	11,025	10,875	11,409	22,434	261,937	246,972
GENERAL MOTORS	6,385	14,603	5,995	12,380	271,839	124,499
HONDA	400	0	292	692	0	2,807
VOLVO	225	225	225	450	5,101	4,860
Total Cars, Canada	18,135	25,603	17,921	36,056	541,282	381,885

U.S. TRUCK☆	Week Ended June 13, 1987	Week Ended June 14, 1986	Week Ended June 6, 1987	June to Date	Jan. 1 to June 14, 1986	Jan. 1 to June 13, 1987
CHEVROLET	20,413	22,402	20,454	40,867	577,115	511,094
DODGE	7,000	3,741	6,867	14,467	24,900	122,692
FORD	31,225	31,047	31,844	63,699	694,554	702,628
GMC	7,560	6,461	7,903	15,403	170,236	174,336
NAVISTAR	1,570	1,828	1,864	3,334	39,535	35,154
JEEP	4,500	3,489	4,777	9,277	88,443	100,286
NISSAN	1,790	3,855	1,776	3,566	56,653	38,692
AM GENERAL*	450	50	450	900	1,172	5,100
MISCELLANEOUS*	2,300	2,300	2,300	4,600	52,800	50,600
Total Trucks, U.S.	77,478	74,973	78,035	155,513	1,701,428	1,740,582

CANADIAN TRUCK	Week Ended June 13, 1987	Week Ended June 14, 1986	Week Ended June 6, 1987	June to Date	Jan. 1 to June 14, 1986	Jan. 1 to June 13, 1987
AMERICAN MOTORS	775	898	764	1,539	11,454	15,203
CHRYSLER	8,294	8,672	8,503	16,797	201,634	191,141
FORD	3,648	3,820	3,084	6,732	62,841	72,736
GENERAL MOTORS	5,365	5,911	4,931	10,326	138,070	98,586
NAVISTAR	225	203	225	450	4,602	4,475
Total Trks., Canada	18,337	19,504	17,507	35,844	438,691	379,137
U. Am. Trucks	95,815	94,477	95,542	191,357	2,140,119	2,119,719

U.S. CAR	Week Ended June 13, 1987	Week Ended June 14, 1986	Week Ended June 6, 1987	June to Date	Jan. 1 to June 14, 1986	Jan. 1 to June 13, 1987
AMERICAN MOTORS	0	2,335	673	673	25,992	15,539
Renault Total	0	2,335	673	673	25,992	15,539
Alliance	0	2,110	673	673	22,876	15,539
Encore	0	225	0	0	3,116	0
CHRYSLER MOTORS	23,700	25,497	24,571	48,271	655,470	541,866
Plymouth Total	5,800	9,780	5,996	11,796	193,873	167,107
Horizon	0	3,795	0	0	76,013	32,997
Sundance	2,000	267	1,983	3,983	100	49,301
Reliant	2,600	4,289	2,703	5,303	84,050	56,507
Caravelle	1,100	919	1,096	2,196	25,344	26,226
Gran Fury	100	510	214	314	8,366	2,076
Chrysler Total	9,600	8,828	9,642	19,242	216,523	176,245
Laser	0	825	0	0	23,837	0
LeBaron K	1,700	2,564	1,945	3,645	55,537	40,115
LeBaron J	4,100	0	3,325	7,425	0	55,823
LeBaron GTS	1,900	1,811	1,069	2,069	30,817	29,408
N. Yorker/E-Class	1,800	1,336	1,627	3,227	42,634	40,976
Fifth Avenue	1,200	2,292	1,676	2,876	63,698	19,621
Dodge Total	8,300	10,899	8,933	17,233	245,074	198,514
Daytona	1,900	1,174	1,676	3,576	25,261	27,261
Omni	0	2,425	0	0	72,828	26,363
Shadow	2,500	270	2,334	4,834	200	49,770
Aries	2,100	3,537	2,791	4,891	62,841	53,585
Dodge 600	1,000	1,041	1,037	2,037	40,210	23,264
Lancer	500	1,079	644	1,144	28,844	12,851
Diplomat	300	783	451	751	16,890	3,400
FORD MOTOR	40,018	38,999	40,666	80,684	864,703	921,130
Ford Division	28,966	28,503	29,515	58,481	690,645	647,265
Escort	6,820	7,999	9,051	17,871	187,945	174,995
Mustang	4,604	3,572	4,527	9,131	93,437	101,436
Tempo	3,925	4,151	3,794	7,719	97,447	90,834
Taurus	7,893	7,839	8,008	15,901	132,963	202,689
Thunderbird	3,724	2,952	4,135	7,859	78,863	77,511
L-M Division	11,052	12,496	11,151	22,203	274,058	273,865
Mercury Total	6,952	8,315	7,031	14,003	187,476	187,415
Lynx	228	1,443	221	449	31,278	19,567
Capri	0	591	0	0	7,720	0
Topaz	1,593	1,279	1,463	3,056	29,051	29,772
Cougar	2,501	3,198	2,739	5,240	59,486	73,808
Sable	2,630	2,304	2,628	5,258	59,931	64,270
Lincoln Total	4,100	3,681	4,100	8,200	86,582	86,450
Continental	410	408	411	821	3,772	8,652
Lincoln	3,074	2,763	3,074	6,148	64,945	64,837
Mark VII	616	510	615	1,231	11,865	12,961
GENERAL MOTORS	75,199	88,896	74,757	149,956	2,120,930	1,753,672
Buick Total	10,374	16,226	11,392	21,766	367,475	275,027
Skylark	318	1,714	285	603	41,852	14,848
Century	1,585	5,078	3,928	5,513	118,724	85,653
Regal	952	2,230	1,028	1,980	29,916	21,487
Somerset/Skylark	1,140	2,844	1,173	2,313	50,625	34,269
LeSabre (fwd)	3,940	3,972	4,711	8,651	69,043	59,737
LeSabre (rwd)	98	346	48	146	6,853	5,050
Electra (fwd)	2,400	1,559	0	2,400	49,762	46,264
Riviera	241	856	219	460	11,690	7,719
Cadillac Total	5,365	8,278	5,444	10,809	159,691	140,913
Cimarron	190	534	180	370	13,064	7,027
Allante	120	0	144	264	0	1,771
Brougham (rwd)	1,060	2,426	1,156	2,236	44,425	36,059
DeVille (fwd)	2,884	4,014	2,939	5,823	80,941	75,830
Eldorado	573	600	532	1,105	11,350	9,023
Seville	518	904	493	1,011	9,911	11,303
Chevrolet Total	28,380	23,452	27,367	55,747	667,411	665,417
Chevette	0	2,229	0	0	52,958	0
Camaro	2,870	1,835	3,017	5,887	97,816	50,897
Cavalier	8,200	8,467	7,925	16,125	202,155	172,476
Celebrity	5,579	4,966	5,987	11,557	138,374	169,662
Corsica/Beretta	7,000	0	6732	13,732	0	129,302
Monte Carlo	1,300	2,174	1,255	3,055	54,532	35,215
Chevrolet	2,000	3,623	1,906	4,106	108,377	93,857
Corvette	640	638	545	1,285	13,199	14,008
Oldsmobile Total	17,343	21,772	14,090	31,433	526,413	337,931
Firenza	630	355	466	1,096	21,653	4,996
Calais	3,662	2,031	3,701	7,361	60,834	69,773
Cutlass Ciera	5,084	8,153	4,734	9,818	129,595	88,295
Cutlass Supreme	1,850	1,780	1,574	3,424	78,558	33,860
88 (fwd)	4,095	5,517	1,870	5,965	163,715	91,761
88 (rwd)	510	908	504	1,014	10,614	9,088
Olds 98	956	1,836	755	1,691	55,244	33,804
Toronado	518	692	476	994	8,398	8,656
Pontiac Total	13,737	13,797	16,494	30,231	397,940	339,484
Acadian*	0	499	0	0	8,963	0
Parisienne	1,200	1,379	1,005	2,205	38,936	18,243
1000	0	870	0	0	15,757	0
Firebird	754	1,186	1,854	2,608	54,329	36,798
2000 Sunbird	2,287	2,779	2,295	4,582	68,309	54,263
Grand Am	6,220	3,910	6,227	12,447	105,443	121,516
6000	0	2,704	2,069	2,069	72,704	38,135
Bonneville	3,125	0	2973	6,098	0	65,449
Safari/Parisienne	151	776	81	232	35,499	5,080
HONDA	6,600	4,445	6,875	13,475	88,319	151,105
Civic	2,910	0	3190	6,100	0	50,535
Accord	3,690	4,445	3,685	7,375	88,319	100,570
NISSAN	2,940	0	2,986	5,926	21,517	64,819
NUMMI	3,750	3,600	4,024	7,774	83,908	88,399
Corolla	750	0	890	1,640	0	18,182
Nova	3,000	3,600	3,134	6,134	83,908	70,217
VOLKSWAGEN	2,000	2,014	1,993	3,993	42,265	35,480
Golf/GTI	1,750	2,014	1,743	3,493	0	29,829
Jetta	250	0	250	500	42,265	5,651
Total Cars, U.S.	154,207	166,588	156,545	310,752	3,903,104	3,572,010
Total Cars, Canada	18,135	25,603	17,921	36,056	541,282	381,885
U. American Cars	172,342	192,191	174,466	346,808	4,444,386	3,953,895
U. Am. Trucks	95,815	94,477	95,542	191,357	2,140,119	2,119,719
North American Cars and Trucks	268,157	286,668	270,008	538,165	6,584,505	6,073,614

Ford leads GM in use of passive belts

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Ninety-nine percent of drivers of Ford Escort and Mercury Lynx models with passive belts report they are belted at all times.

But the General Motors-designed automatic belt, which is as easy to disconnect as a manual belt, is being used less, and almost half the drivers say they do not even know the belts are automatic.

Those are among the findings of an Insurance Institute for Highway Safety survey of more than 1,000 drivers of two very different passive-belt designs used in 1987 cars.

Ford's is a two-point, non-detachable motorized shoulder belt with manual lap belt and knee bolster. Ford uses them on some Ford Escort and Mercury Lynx models. The belt is made under license from Toyota, which includes it as standard equipment on all 1987 Cressida and Camry models.

GM's three-point, non-motorized design is used on the Buick LeSabre, Skylark and Somerset; Oldsmobile Calais and Delta 88; and Pontiac Bonneville and Grand Am.

The institute found that in Wisconsin, which does not have a seat-belt-use law, fewer than 40 percent of GM drivers used the passive belt at all times. But in North Carolina and Maryland, which have belt-use laws, more than 75 percent of GM drivers reported using their belts all the time.

Brian O'Neill, president of the Insurance Institute for Highway Safety, said: "The design Ford is using is superior. It's easier and more convenient, so more Ford motorists are buckled in. More of them are protected in crashes."

Overall, 25 percent of GM drivers surveyed knew their belts were automatic and used them sometimes. The others, when they used them, treated them as manual belts.

Addressing some expressed concerns that two-point belts may not prevent ejection as well as three-point belts, O'Neill said the institute's research showed that was not a serious problem.

In a separate study, the institute compared the percentage of fatally injured occupants ejected from cars with both systems. It found a lower percentage with the two-point belt than with the three-point belt system.

A recent NHTSA report to Congress revealed that other cars using a two-point motorized belt at some time during the 1987 model year are: Alfa Romeo Spider, Isuzu Impulse, Jaguar XJ series, Mazda 626 LX series, Chrysler Conquest (made by Mitsubishi), Mitsubishi Starion, Nissan Maxima, Saab 900-S three-door and Subaru XT.

NHTSA revises warning of anti-lock brake failure

WASHINGTON — NHTSA will allow the use of "ABS" (for Anti-lock Brake System) as an alternative abbreviation to "Anti-lock" for the warning that indicates failure of some portion of the anti-lock-braking system.

This revision required changing two safety standards: 101 (controls and displays) and 105 (hydraulic brake systems).